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LEWIS
AND
ROCA
LLP
LAWYERS

Phoenix Office
40 North Central Avenue
Phoenix, Arizona 85004-4429
Facsimile (602) 262-5747
Telephone (602) 262-5311

Tucson Office
One South Church Avenue
Suite 700
Tucson, Arizona 85701-1611
Facsimile (520) 622-3088
Telephone (520) 622-2090

Las Vegas Office
3993 Howard
Suite 600
Las Vegas, Nevada
Facsimile (702) 949-8398
Telephone (702) 949-8200

Thomas H. Campbell
Direct Dial: (602) 262-5723
Direct Fax: (602) 734-3841
Internet: TCampbell@lrlaw.com
Admitted in Arizona

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April 29, 2005

Arizona Corporation Commission
DOCKETED

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HAND DELIVERED

Arizona Corporation Commission
Utilities Division – Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007

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Re: UniSource Energy Services Progress Report
Docket Nos. E-01032C-00-0751, G-01032A-02-0598, E-01933A-02-0914, E-01032C-02-0914, G-01032A-02-0914
A.C.C. Decision No. 66028

Pursuant to A.C.C. Decision No. 66028, UniSource Energy Services (“UES”) files this progress report on the negotiations to restructure the Pinnacle West Capital Corporation (“PWCC”) Power Supply Agreement (“PSA”). The high and volatile natural gas and power prices of the last two months and their effect on projected energy prices have limited the opportunities to renegotiate the PWCC PSA due to the comparably lower cost of the existing PSA.

Very truly yours,

LEWIS AND ROCA LLP

Thomas H. Campbell

cc: Ernest Johnson, Utilities Division Director
A.C.C. Compliance Manager
All Parties of Record

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